

11 October 2006



ATO Class Ruling on Equal Capital Reduction

Talent2 International Limited (ASX: TWO) is pleased to advise that the Australian Taxation Office has now published the Class Ruling on the Talent2 Equal Capital Reduction proposed to shareholders at the forthcoming Talent2 Annual General Meeting on 25th October 2006. The full Class Ruling, entitled CR 2006/99 (Income Tax: return of capital – Talent2 International Ltd) may be viewed at the website of the Australian Taxation Office at:

[http://law.ato.gov.au/atolaw/view.htm?dbwidetocone=06%3AATO%20Rulings%20and%20Determinations%20\(Including%20GST%20Bulletins\)%3ABy%20Type%3ARulings%3AClass%3A2006%3A%2304940990000%23CR%202006%2F99%20-%20Income%20tax%26c%20return%20of%20capital%20-%20Talent2%20International%20Ltd%3B](http://law.ato.gov.au/atolaw/view.htm?dbwidetocone=06%3AATO%20Rulings%20and%20Determinations%20(Including%20GST%20Bulletins)%3ABy%20Type%3ARulings%3AClass%3A2006%3A%2304940990000%23CR%202006%2F99%20-%20Income%20tax%26c%20return%20of%20capital%20-%20Talent2%20International%20Ltd%3B)

Alternatively, go to the website www.ato.gov.au and locate the Ruling by following the links under the menu "Rulings, policies and law", "Public rulings", "Class", "2006".

A summary of the ATO Ruling is as follows:

- The Class Ruling will apply to the holders of ordinary shares in Talent2;
- The Class Ruling will apply to the Australian income tax year ending 30 June 2007;
- The return of capital (if approved by shareholders) of A\$0.03 per ordinary share will not be treated as a dividend for Australian income tax purposes; and
- If the shareholder concerned is an Australian tax resident shareholder, the capital return will be treated as a reduction in the cost of the shares held by that shareholder.

Subject to shareholder approval at the forthcoming AGM, the amount of the capital return will be A\$0.03 per ordinary share held by shareholders on the register at 5:00pm (Sydney time) on Wednesday 1st November 2006 (the "Record Date"). Payment of the capital return to shareholders is to be effected on Wednesday 15th November 2006 (the "Payment Date") by cheque or direct credit. Shares would trade ex-entitlement to the capital return from Thursday 26th October 2006, being the day after the Annual General Meeting.

Shareholders should read the text of the Class Ruling in full and should not rely on this announcement as tax advice as the tax consequences of the return of capital may vary depending on each shareholder's particular circumstances. Professional tax advice should be obtained by each individual shareholder.

For further information, please contact:

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